

## State of California

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### **Legislative Change No.**

**02-24**

Bill Number: AB 989

Author: Chan

Chapter Number: 02-701

Laws Affecting Franchise Tax Board: Revenue and Taxation Code section 17131.1

Date Filed with the Secretary of the State: September 19, 2002

**SUBJECT:** Exclusion/Holocaust Restitution Payments

**Assembly Bill 989 (Chan), as enacted on September 19, 2002, made the following changes to California law:**

Section 17131.1 of the Revenue and Taxation Code is added.

This act excludes from an individual's gross income "excludable restitution payments" and "excludable interest," as defined.

This act defines:

- ◆ "eligible individual" as a person persecuted by Nazi Germany, any Axis regime, or any other Nazi-controlled or Nazi-allied county.
- ◆ "excludable restitution payment" as a payment or distribution to an individual or their heir or estate that:
  1. Comprises an amount payment to an "eligible individual," including those payments payable:
    - by any foreign country, the United States, any other foreign or domestic entity, or fund established by such country or entity,
    - as a result of a final legal action, and
    - under a law providing for payments or restitution of property.
  2. Constitutes the direct or indirect return, compensation, or reparation for assets stolen, hidden or otherwise lost to the individual with respect to World War II. Insurance proceeds under policies issued on "eligible individuals" by European insurance companies immediately before and during World War II are included.
  3. Consists of interest that is part of the payments described above in 1 and 2.

Bureau Director

Roger Lackey

Date

October 11, 2002

- ◆ “excludable interest” as any interest earned by any of the following:
  1. Escrow accounts or settlement funds established pursuant to the settlement of a specified action entitled “*In re: Holocaust Victim Assets Litigation*,” (E.D.N.Y.) C.A. No. 96-4849.
  2. Specific funds to benefit eligible individuals or their heirs created by the International Commission on Holocaust Insurance Claims.
  3. Similar specified funds subject to administration of the U.S. courts created to provide excludable restitution payments to eligible individuals or their heirs or estates.

The basis of any property received by an eligible individual (or his or her heirs or estate) as part of an excludable restitution payment will be the fair market value of that property at the time of receipt.

This act retroactively applies to any amount received by an individual on or after January 1, 2000.

This act will not require any reports by the department to the Legislature.